

**North Carolina
Department of Transportation**

Transformation Management Team

Final Report

February 2009

NCDOT's Transformation

From early 2007 to late 2008, the North Carolina Department of Transportation went through an internal transformation process of changing to a new outcome-based, performance oriented organization to meet the 21st Century transportation needs of our state. This Final Report documents the process and outcomes of NCDOT's Transformation.

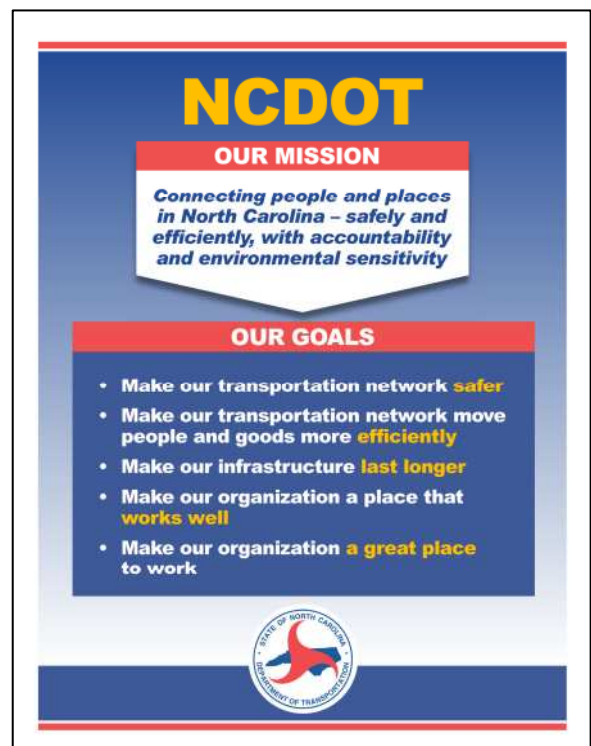
In 2007, the NCDOT hired McKinsey & Company, a world-class management consultant, to review the Department. McKinsey began with a comprehensive survey sent to all NCDOT employees and key transportation stakeholders. In an overwhelming show of support and interest, over 70% of NCDOT employees responded to the survey

Based on McKinsey's finding and recommendations, Transportation Secretary Lyndo Tippet appointed a Transformation Management Team (TMT) to begin this process. He asked 19 NCDOT employees to work full time on this project, with the task of designing and implementing a "transformed" NCDOT based on McKinsey's recommendations and guidance. This team, led by Deputy Secretary for Transit, Roberto Canales, P.E., worked on the Transformation effort from June 2007 through October 2008. The TMT members' names and team structure can be found in the Participants folder in this volume of the report on the "TMT Org Chart".

Based on the results of the diagnostic McKinsey recommended that four major areas be addressed: Strategic Blueprint, Strategic Planning and Prioritization, Performance Metrics & Management, and Talent Management. The presentation entitled "Link Between Diagnostic and TMT Workstreams" found in this volume, correlates the survey findings to the "workstreams", teams working on a designated project.

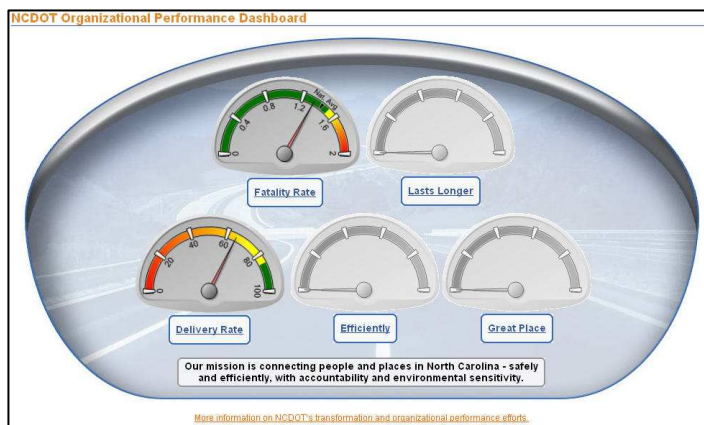
The work of the TMT focused on:

Strategic Blueprint: The TMT set a strategic direction for the Department by creating new mission and goal statements and identifying strategic leadership roles. The team initiated an in-depth look at the efficiency and effectiveness of internal services, and the mission and products of all departmental business units. They also completed in-depth studies of 20 areas that were identified as concerns by NCDOT employees and Transportation stakeholders. Much of this work led to a



re-organization of the Department designed to better serve the new mission and goals in a performance based culture. The details of this work, including information on the “NCDOT Re-alignment” can be found in Volume 4 of this report.

Strategic Planning and Prioritization: Once the mission and goals of the organization had been established the TMT created a process by which future resource decisions could be aligned with our goals. The TMT developed a new strategic planning and prioritization process and engaged external partners in discussions to determine the feasibility of the new processes. The TMT also initiated the creation of a new business unit, the Strategic Planning Office of Transportation. The details of this work, including the new NCDOT Strategic Planning Manual, are found in Volume 5 of this report.



Performance Metrics & Management: To ensure that the Department meets the goals we have set for ourselves it is essential to measure our accomplishments, both organizationally and individually. NCDOT has instilled performance accountability through a public facing

“Organizational Performance Dashboard” that tracks departmental progress toward the Department’s five goals. The dashboard is located on NCDOT’s web site at www.ncdot.gov. Top managers’ individual performance assessments are now linked to these same goals through a system of “metrics” or performance measurements. This allows managers to measure each business unit’s contributions to meeting the mission and goals. This performance based management approach will be in place for all NCDOT employees beginning in the spring of 2009. The details of this work are found in Volume 6 of this report.

Talent Management: The term “talent management” refers to the way the Department recruits, retains and develops its employees. In order to meet the goals of the Department, it is necessary to ensure NCDOT has the right employees in the right jobs with the right skills. Based on the results of the employee survey and many subsequent interviews with DOT managers and employees, the TMT recommended and implemented changes in many Human Resource related areas. The team also created NCDOT Core Values, the behavior standards to which all employees will be held accountable in their individual performance evaluations. The details of this work, including the new “Personal Dashboard and Appraisal” employee performance management system, are found in Volume 7 of this report.

Performance Monitoring: The TMT established a Project Management Plan to keep the team on track and ensure that the Transformation work stayed on schedule. The plan included all of the project milestones and deliverables. The details of this work, including the Project Management Plan, are found in Volume 2 of this report.

Outreach: Throughout the Transformation effort, many different communication methods were used to keep NCDOT employees and transportation stakeholders apprised of the progress. They included employee newsletter articles and emails, presentations and question and answer sessions. The details of this work are found in Volume 3 of this report.

TMT strategically collected and analyzed data from all facets of the Department focused on what our employees and stakeholders said should be improved at the Department. Nearly 200 NCDOT employees were directly involved in this process which concluded by making and beginning to implement recommendations to improve NCDOT. A listing of employees that were actively involved in the project can be found in the Participants folder in this volume of the report.

A high-level summary of the nearly 40 individual workstreams can be found in the “Final Workstream Status Report” in this volume of this report. The report documents the purpose, team members, status and completion date of each workstream.

The findings of the McKinsey survey as well as McKinsey’s recommendations for addressing these findings, known as the “diagnostic”, can be found in Volume 8 of this report. A summary of the McKinsey Recommendations with NCDOT’s corresponding actions to address them can be found in the “McKinsey Recommendations and TMT Actions - Final” document in this volume.

This volume also contains a “Glossary of Terms” for the Transformation project.

A series of “General Presentations” given over the lifetime of the project is also included in this volume. The presentations are grouped by audience type: those given to NCDOT employees (Internal) and those given outside of the Department (External). The presentations provide snapshots of the progress of the project over time.

The Transformation has prepared NCDOT for the 21st Century by improving our ability to “connect people and places in North Carolina – safely and efficiently, with accountability and environmental sensitivity”.

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